

Part III - Administrative, Procedural, and Miscellaneous

Section 6043A and Request for Comments

Notice 2005-7

Background

This Notice addresses the new information reporting rules provided in Section 6043A as enacted by the American Jobs Creation Act of 2004.

Temporary and Proposed Regulations under Sections 6043(c) and 6045

Proposed regulations under Sections 6043(c) and 6045 provide for information reporting in the case of an acquisition of control of a corporation or a substantial change in corporate structure of a corporation. Pursuant to these proposed regulations, information reporting would be required when there is an acquisition of control of a domestic corporation or a substantial change in capital structure of a domestic corporation, and shareholders are required to recognize gain (if any) from the transaction. The proposed regulations would require the reporting corporation (defined as the acquired corporation in the case of an acquisition) to file with the IRS Form 8806 describing the transaction on or before the 45th day following the transaction, and to file with the IRS and furnish to shareholders Form 1099-CAP with respect to cash, stock, and other property received by shareholders. Brokers holding stock for customers would be

required to file with the IRS and furnish to shareholders Form 1099-B reporting the amounts received. Reporting would be required only with respect to transactions involving distributions of assets of \$100 million or more, and certain reporting exceptions are provided with respect to specified shareholders.

Pursuant to temporary regulations §§ 1.6043-4T and 1.6045-3T, reporting rules have applied to any acquisition of control and any substantial change in capital structure occurring after December 31, 2001, if the reporting corporation or any shareholder is required to recognize gain (if any) as a result of the application of Section 367(a).

Section 6043A

Section 805 of the American Jobs Creation Act of 2004, Pub. L. 108-357, 118 Stat. 1418, added Section 6043A to the Internal Revenue Code. Section 6043A provides for information reporting by an acquiring corporation in any taxable acquisition, according to forms or regulations prescribed by the Secretary. Section 6043A supplements the information reporting provisions of sections 6043(c) and 6045.

Reporting and Request for Comments

Treasury and the IRS continue to consider comments regarding the proposed regulations under Sections 6043(c) and 6045. Treasury and the IRS also are considering the proper implementation of the additional information reporting provided in Section 6043A.

Treasury and the IRS request public comments relating to information reporting for acquisitions under Section 6043A, including, but not limited to, comments regarding:

- (a) coordination with the requirements of the temporary and proposed regulations under Sections 6043(c) and 6045;
- (b) rules for reporting by nominees;
- (c) whether dollar thresholds (e.g., regarding the size of the acquisition or the amount received by a shareholder) should be adopted and, if so, the appropriate amount of such thresholds;
- (d) design of forms; and
- (e) appropriate filing deadlines.

Taxpayers required to report under Treas. Reg. §§ 1.6043-4T and 1.6045-3T must continue to report pursuant to those regulations.

Consideration will be given to written or electronic comments submitted by March 1, 2005. All comments will be made available for public inspection and copying. Send submissions to CC:PA:LPD:PR (NOT-156854-04), room 5203, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (NOT-156854-04), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC. Alternatively, taxpayers may submit electronic comments directly to the IRS Internet site at www.irs.gov/regs.

The principal author of this notice is Michael Hara of the Office of Associate Chief Counsel (Procedure and Administration), Administrative Provisions and Judicial Practice Division. For further information regarding this notice contact Mr. Hara on (202) 622-4910 (not a toll-free number).